

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 605 - SB 569**

February 25, 2021

**SUMMARY OF BILL:** Establishes that a business entity formed for the purpose of receiving compensation and is solely owned by a broker, affiliate broker, or person licensed by the Tennessee Real Estate Commission (TREC) is not required to be licensed by TREC.

**ESTIMATED FISCAL IMPACT:**

**NOT SIGNIFICANT**

Assumptions:

- According to the application for a real estate firm or branch office license, a firm license is required for all sole proprietors, partnerships, corporations, LLCs, companies, or associations providing brokerage services.
- According to the TREC website, home offices are considered a firm and require a license.
- Pursuant to Tenn. Code Ann. § 62-13-309(a)(1)(A), each business location is required to have a real estate firm license, a principal broker, and a fixed location with adequate facilities conforming to local zoning laws.
- The proposed legislation is not estimated to decrease the number of real estate firms required to be licensed under the TREC; therefore, no significant fiscal impact to state or local government.
- Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-sufficient over any two-year period. The TREC experienced a surplus of \$561,680 in FY18-19, a surplus of \$615,396 in FY19-20, and had a cumulative reserve balance of \$6,616,421 on June 30, 2020.

**IMPACT TO COMMERCE:**

**NOT SIGNIFICANT**

Assumption:

- The proposed legislation is not estimated to significantly decrease the number of real estate firm licenses required by the TREC; therefore, no significant impact to jobs or commerce in Tennessee.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Bojan Savic". The signature is written in a cursive, flowing style.

Bojan Savic, Interim Executive Director

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